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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/895,457
Filing Date: June 29, 2001
Appellant(s): MORIMOTO, NOBUYOSHI

Robert C. Kowert (Reg. No. 39,255)
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed on June 28, 2007 appealing from the Office action mailed on February 1, 2007.

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

(2) *Related Appeals and Interferences*

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

(4) *Status of Amendments After Final*

The statement of the status of Amendments contained in the brief is correct.

(5) *Summary of Claimed Subject Matter*

The summary of invention contained in the brief is correct.

(6) *Grounds of Rejection to be Reviewed on Appeal*

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows:

NEW GROUNDS OF REJECTION

Claim Objections

1. Claims 28, 40 and 42 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous

claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1-13, 29-39, 41, 43 and 44 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *In re Bilski et al*, 88 USPQ 2d 1385 CAFC (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 1-13, 29-39, 41, 43 and 44 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101. Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al.

(7) *Claim Appendix*

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) *Evidence relied Upon*

US 2002/0002531	Lustig et al.	01-2002
US 6,871,190	Seymour et al.	03-2005

(9) *Grounds of Rejection*

The following grounds of rejection are applicable to the appealed claims:

Claim Objections

1. Claims 28, 40 and 42 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

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3. Claims 1-13, 29-39, 41, 43 and 44 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *In re Bilski et al*, 88 USPQ 2d 1385 CAFC (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 1-13, 29-39, 41, 43 and 44 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101.

Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1-44 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lustig et al (hereinafter Lustig), U.S. Patent Application Publication No. 2002/0002531, in view of Seymour et al (hereinafter Seymour), U.S. Patent No. 6,871,190.

Regarding to claim 1, Lustig discloses a method for negotiating improved terms for a product or service being purchased over the Internet, the method comprising:

receiving information indicating one or more default purchasing standards for a purchase using an Internet web site to purchase product or service (paragraphs [0070]-[0073], the User operates the User's computer to connect to the Publisher's Web site to submit an original offer with a selected indicator adjacent the description of each offer, the indicator indicates that by selecting the indicator, the User commits to accepting a

better offer when the better offer is available, the indicator also indicates that by selecting the indicator, the User commits to accepting the original offer unless a better offer is available; note that the original offer and the selected indicator submitted by the user is considered equivalent to the default purchasing standard for a purchaser in the claimed invention).

detecting an issuance of a commitment to purchase with associated terms for said product or service being purchased by the purchaser using the Internet web site (paragraph [0070]-[0071], User navigates the Publisher's Web site to submit an "original offer");

making an offer to said purchaser for negotiating said improved terms (paragraph [0073], the User can select the indicator to commits to accept a better offer when the better offer is available) ;

in response to said purchaser accepting said offer: conducting a search for said improved terms; receiving said improved terms; and executing said contract (paragraph [0078]-[0079], the Order Server receives the original offer and transmits it to the Matching Engine to initiate and facilitate a matching process; matching program accesses the available offer in the matching database, compares the available offer with the original offer to determine whether the better offer is available; the Matching Engine accepts the better offer on behalf of the User if the better offer is available);

receiving information regarding a plurality of offers for said product or service (paragraph [0044];

rejecting or more of the plurality of offers based on the default purchasing standards (see paragraph [060]-[0061]), the matching program, upon receiving the original offer, retrieves the available offer from the matching database and compares the available offer with the original offer to determine whether the better offer is available, if the better offer is available, accepts the better offer on behalf or the user originating the request, thus by accepting the better offer, the matching program rejects the offer matching with the original offer. Moreover, the matching program accepts the original offer if the better offer is not available, thus, by accepting the original offer, the matching program rejects the offers that do not match with the original offer); and

presenting one of the plurality of offers to the purchaser, wherein the presented offer included said improved terms (paragraph [0042]-[0044]).

Lustig does not disclose negotiating said improved terms, conducting a search for said improved terms, receiving said improved terms ***within a specified time***. However, Seymour discloses negotiating the seller sites, conducting a search for the seller sites, receiving the matched seller sites ***within a specified time*** (column 7, lines 40-55, the bidder submits bid information, the bidder agent conducts a search for the plurality seller sites to find the seller sites contain matching criteria specified by the bidder in the bid information; ***the bidder agent conducts the search with a predetermined time period, the bidder agent is arranged to terminate the search for seller sites after the predetermined time period has lapsed***). Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Lustig's to adopt the teaching of Seymour above, for the purpose of

providing time consuming to the purchaser so that the purchaser can receive the ordered product or service limiting within a specific of time.

Regarding to claims 2-5, Lustig further discloses wherein said detecting comprises detecting said purchaser entering a credit card number, a pre-paid account number, a gift certificate number, an escrow account number, or a bank guaranty number (paragraph [0047]); detecting said purchaser viewing a particular web page; detecting comprises detecting said purchaser accessing a particular URL (paragraph [0070]); detecting comprises detecting said purchaser clicking an icon to confirm order (paragraph [0072]).

Regarding to claim 6, Lustig further discloses wherein said making an offer to said purchaser comprises displaying said contract on a screen of a computer system used by said purchaser to purchase said product over the Internet (paragraph [0072]).

Regarding to claim 7, Lustig further discloses executing said commitment to purchase (paragraph [0073]).

Regarding to claim 8, wherein said commitment to purchase comprises a purchase order for which payment has been guaranteed by said purchaser (paragraph [0047]).

Regarding to claim 9, Lustig further discloses wherein said improved terms comprise a better price, or a better delivery, or a better warranty or a better return policy compared to the terms associated with said commitment to purchase (paragraph [0074], a better price).

Regarding to claim 10, Lustig further discloses wherein making an offer to said purchaser comprises: reading information associated with commitment to purchase; determining if commitment to purchase represents an area of interest for an improved terms service provider; if commitment to purchase represents an area of interest for said improved terms service provider: making said offer to said purchaser (paragraph [0072]).

Regarding to claim 11, Lustig further discloses wherein conducting said search for said improved terms comprises conducting an auction amongst a plurality of suppliers for said product (paragraph [0078]).

Regarding to claim 12, Lustig further discloses entering a legal contract with said purchaser to supply said product under said improved terms (paragraph [0079]).

Regarding to claim 13, Lustig further discloses wherein conducting said search for said improved terms comprises searching a database of preferred suppliers for said product (paragraph [0078]).

Regarding to claims 14-26, Lustig discloses a system for negotiating improved terms for a product or service being purchased over a computer network, the system comprising: a computer program; a web site server computer system; wherein said computer program is executable on a client computer system by a purchaser to connect with the web site server (paragraphs [0048]-[0053], The Publisher Server 140), and executing the method as described in claims 1-13 above.

Regarding to claim 27, Lustig further discloses wherein said client computer system is one or more of the following: a personal computer, a laptop computer, a

notebook computer, an Internet-enabled cellular phone, an Internet-enabled personal digital assistant, or an Internet-enabled television (paragraph [0038]).

Claim 28 is written in carrier medium that parallel the limitations found in claim 1 above, therefore, is rejected by the same rationale.

Claims 29-40 contain similar limitations found in claims 1-13 above, therefore, are rejected by the same rationale.

Claims 41, 42, and 44 contain similar limitations found in claim 1 above, therefore, are rejected by the same rationale. Moreover, Lustig and Seymour do not disclose intercepting a message over the Internet to delay the purchase for a predetermined amount of time, wherein the message includes commitment to purchase.

However, intercepting a message over the Internet to delay the purchase for a predetermined amount of time, wherein the message includes commitment to purchase is well known in the art. For example, the user can submit the offer and specifies an expiration time for the offer, or the auction for an item contains an expiration time (e.g., eBay auction). Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Lustig's in combining with Seymour to adopt the well-known feature above, in order to allow the system to have a predetermined amount of time to search for the better offer for the purchaser.

Regarding to claim 43, Lustig further discloses wherein executing said contract comprises contacting said purchaser with a confirmation of said product purchase (paragraph [0084]).

(10) Response to Argument

Claims 1, 3, 4, 5, 6, 7, 1, 10, 13, 28, and 43

In response to the Appellant's argument that that Lustig in view of Seymour fails to teach rejecting one or more of the plurality of offers based on the default purchasing standards, nowhere does Lustig teach anything at all about **actively rejecting an offer**, examiner submits that Lustig teaches the matching program, upon receiving the original offer, retrieves the available offer from the matching database and compares the available offer with the original offer to determine whether the better offer is available, if the better offer is available, accepts the better offer on behalf or the user originating the request, thus by accepting the better offer, the matching program rejects the offer matching with the original offer. Moreover, the matching program accepts the original offer if the better offer is not available, thus, by accepting the original offer, it is obvious that the matching program rejects the offers that do not match with the original offer (see paragraph [060]-[0061]. Moreover, Lustig teaches that the user selects the First Offer as the original offer that is sent to the Order Server, the matching program compares the First Offer with the Second Offer and the Third Offer, the matching program determines that the better offer is available as the Second Offer (i.e. the Second Price is lower than the First Price and the Third Price), the matching program accepts the Second Offer on behalf of the user, the matching program also sends the response to the Order Server indicates that the matching program has accepted the Second Offer on behalf of the user (see paragraph [0082]). Thus, by accepting only the Second Offer with a lower price, it is obvious that the matching program rejects the First Offer and Third Offer on behalf of

the user. Therefore, ***Lustig does teach rejecting one or more of the plurality of offers based on the default purchasing standards.***

In response to the Appellant's argument that that Lustig in view of Seymour fails to teach **receiving information indicating one or more default purchasing standards for a purchaser**, examiner submits that the Appellant's Specification in page 15, lines 18-28 describing **“default purchasing standards”** as the following: the purchase selects different default standards for goods or services to be purchased, e.g., allow the purchaser to instruct the broker-agent to reject any offers with the higher price, the broker-agent automatically rejects the offers that do not conform to the purchaser default settings. Lustig teaches the User operates the User's computer to connect to the Publisher's Web site to submit an original offer with a selected indicator adjacent the description of each offer, the indicator indicates that by selecting the indicator, the User commits to accepting a better offer when the better offer is available, the indicator also indicates that by selecting the indicator, the User commits to accepting the original offer unless a better offer is available (see paragraphs [0070]- [0073]). The indicator selected by the User, instructs the matching program to accept the better offer on behalf of the User. Therefore, the original offer and the selected indicator is considered equivalent to the purchaser default settings as describing in the Appellant's Specification. Therefore, **Lustig does teach receiving information indicating one or more default purchasing standards for a purchaser**

In response to the Appellant's argument that that Lustig in view of Seymour fails to teach **the presented offer includes said improved terms**, nowhere does Lustig

teach that the actual “better offer” is presented to the user, examiner submits that Lustig teaches the the indicator indicates that by selecting the indicator, the User commits to accepting a better offer when the better offer is available, the better offer being similar with regard to at least one parameter (e.g., the product) and more optimal with regard to at least one the other parameters (e.g., the price), than the original offer and the other offers (paragraph [0073]). Therefore, Lustig does teach the presented offer includes said improved terms.

Claim 2

In response to the Appellant’s argument that that Lustig in view of Seymour fails to teach wherein said detecting comprises detecting said purchaser entering a credit card number, a pre-paid account number, a gift certificate number, an escrow account number, or a bank guaranty number, examiner submits that Lustig teaches each user desiring to accept an offer published by the Publisher has associated user information which is collected a part of registration process, the user information includes credit card number, expiration date, debit card account and authorization code (paragraph [0047]). Therefore, Lustig does teach wherein said detecting comprises detecting said purchaser entering a credit card number, a pre-paid account number, a gift certificate number, an escrow account number, or a bank guaranty number.

Claim 8

In response to the Appellant’s argument that that Lustig in view of Seymour fails to teach a purchaser order for which payment has been guaranteed by said purchaser, examiner submits that Lustig teaches that the user is required to submit

account information includes credit card number, expiration date, debit card account and authorization code, etc...before being presented with the offers (paragraph [0047]), thus user submit payment information before submitting a purchase order. Therefore, **Lustig does teach a purchaser order for which payment has been guaranteed by said purchaser.**

Claim 11

In response to the Appellant's argument that that Lustig in view of Seymour fails to teach **wherein conducting said search for said improve terms comprises conducting an auction amongst a plurality of suppliers for said products,** examiner submits that Lustig teaches that the **matching engine** conducts search for better offer by accessing the available offers in the matching database, **compares the available offers** from a plurality of vendors with the original offer to determine the better offer (paragraph [0078]); a plurality of offers from a plurality of vendors stored in the matching database (paragraph [0059]). Thus, the matching engine conducts an auction amongst a plurality of vendors. Therefore, **Lustig does teach wherein conducting said search for said improve terms comprises conducting an auction amongst a plurality of suppliers for said products,**

Claim 12

In response to the Appellant's argument that Lustig in view of Seymour fails to teach **entering a legal contact with said purchaser to supply said product under said improved terms,** examiner submits that Lustig teaches the Order server forward an indication to the User's computer that the user confirms to accept the original offer

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when the better offer is not available, and the completion of the transaction in accordance with the parameters of the original offer (paragraph [0087]). Therefore, Lustig does teach entering a legal contact with said purchaser to supply said product under said improved terms.

Claims 14, 16, 17, 18, 19, 20, 22, 23, 26, and 27

See the same as claims 1, 3, 4, 5, 6, 7, 1, 10, 13, 28, and 43 above.

Claim 15

See the same as claim 2 above.

Claim 21

See the same as claim 8 above.

Claim 24

See the same as claim 11 above.

Claim 25

See the same as claim 12 above.

Claims 29, 32, 33, 34, 35, 37, 39, and 40

In response to the Appellant's argument that that Lustig in view of Seymour fails to teach purchasing the particular item of service for the purchaser that the better price and charging the purchaser a new price between the particular price and the better price, examiner submits that Lustig teaches each offer includes at least two parameters: identified the product, price, quality, delivery time; for example, Offer 1 (original offer) includes product ID, price 1, good quality; Offer 2 includes: same product as Offer 1, better price than Offer 1, same quality as offer 1; Offer 3 includes: same

product as Offer 1, better price than Offer 2, bad quality. If the system accepts the Offer 2 as the better offer, the user will be charged the price between the price of the Offer 1 and the Offer 3 (better price). Therefore, Lustig obviously teaches purchasing the particular item of service for the purchaser that the better price and charging the purchaser a new price between the particular price and the better price.

Claim 30

In response to the Appellant's argument that that Lustig in view of Seymour fails to teach wherein if said original purchase is not available after said searching is complete, purchasing item for said purchaser at another price and charging the purser said particular price, examiner submits that Lustig teaches after searching and comparing the Second Offer with the available offers, the matching program determines that the better offer is not available, the matching program accepts the Second Offer with the Second Price (paragraphs [0085]-[0086]).

Therefore, Lustig doe teach wherein if said original purchase is not available after said searching is complete, purchasing item for said purchaser at another price and charging the purser said particular price,

Claim 31

See the same as claim 2 above.

Claim 36

See the same as claim 8 above.

Claim 38

See the same as claim 11 above.

Claims 41 and 42

See the same as claim 29 above. Moreover, in response to appellant's arguments regarding the well-known statement recited in rejecting claims 41 and 42, examiner submits that **the appellant has not submitted any rebuttal of the well-known statement**, the appellant has not presented any arguments that the feature is not well known. The appellant stated "the examiner does not cite any prior art that teaches or suggests intercepting a message to delay a purchase for an predetermined amount of time." This does not constitute a proper challenge to the Official Notice.

Claim 44

See the same as claim 29 above, Moreover, in response to the applicant's argument regarding to claim 44 that Lustig does not teach a **plurality of broker-agent program performing multiple searches in parallel for the better price**, examiner submits that the matching program organizes, stores, and retrieves a plurality of available offers from a matching database, compares the available offers with the original offer to determine the better offer, thus, **retrieving and comparing a plurality of available offers to determine the better offer is considered equivalent to performing multiple searches in parallel for better price**.

(11) *Related Proceedings Appendix*

The statement of the related proceedings appendix contained in the brief is correct.

For the above reasons, it is believed that the rejections should be sustained. This examiner's answer contains a new ground of rejection set forth in section (9) above.

Accordingly, appellant must within TWO MONTHS from the date of this answer exercise one of the following two options to avoid sua sponte dismissal of the appeal as to the subject to the new ground of rejection:

(1) Reopen prosecution. Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) Maintain appeal. Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

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Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,

/Nga B. Nguyen/
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